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PETROLEUM & MINING CONSULTANT

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244-9481

August 17, 1971

92-I-11

Mr. G. N. Ross,
President,
Acroll Oil & Gas Ltd.,
574, 330 - 5th Ave. S.W.,
Calgary 1, Alberta.

Dear Mr. Ross:

Cache Creek AreaINTRODUCTION

The Kamloops - Ashcroft - Cache Creek area, in the Interior Plateau of southern British Columbia has been known for many years for the presence of mineral deposits. The development of huge, low-grade copper - molybdenum mines in the Highland Valley in recent years has directed attention to the area and the possibility of further discoveries.

The Maggie Mine area, north of Cache Creek, was obviously an area where the possibility of locating a large orebody was promising. The highly successful exploration programme carried out by Bethlehem around the old Maggie Mine attracted the attention of several companies and a large scale staking rush was the result. Official reports by Bethlehem of more than 200 million tons of 0.40% equivalent copper - molybdenum content in the Maggie Mine area has spurred the evaluation of several of the properties, with a number of geochemical, induced polarization and magnetometer surveys reporting anomalous areas. In addition to the extensive diamond drilling programme undertaken by Bethlehem, drilling has been carried out by Rolling Hills and Scurry Rainbow. At the present time Noranda and Pyramide Mining are reported to have drills on the ground. Lorne Creek Mines, Highland Chief and Peyto have both reported encouraging results from recent surveys, with diamond drilling proposed.

GEOLOGY

Mineralization appears to be confined to the Cache Creek group, of late Palaeozoic age, and which comprise chert, argillite, minor quartzite, crystalline limestone and altered volcanic rocks. The Bonaparte valley is underlain by Cache Creek sediments which are overlain by the Kamloops group of Tertiary age, comprised of agglomerates and volcanics. North-south trending shear zones have been noted and numerous serpentine intrusive bodies occur in the area.

It is generally concluded that the copper - molybdenum mineralization that occurs in the area is structurally controlled by shearing sub-parallel to the Bonaparte valley, and possibly at the intersection of cross faults. The serpentine intrusive bodies, although not directly related to the mineralization, are thought to be intruded along shears and fault zones of weakness. Serpentinite has been reported in cores from Bethlehem's mineralized zone.

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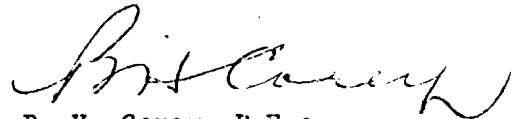
Overburden on the Bethlehem property is reported to be less than one hundred and fifty feet, with mineralization immediately below the overburden.

PROPERTIES

Acroll Oil & Gas Ltd. holds varying interests in approximately 900 claims, shown in yellow on the accompanying sketch map. Several of these claims are favourably located in relation to the presently outlined Bethlehem copper - molybdenum ore-body, while the bulk of the claims lie along, or adjacent to, the Bonaparte Valley. This valley is largely comprised of Cache Creek group members, which is the favourable host for the presently known mineralization. Some of the claims on the eastern portion of the map are located on Tertiary volcanics, which occur as a caprock overlying the Cache Creek group. At the present time geophysical survey methods are unable to locate mineralization below the volcanics, but claims located in this area may prove to have considerable worth should orebodies be found along the geological boundaries.

The Cache Creek area is receiving considerable attention these days by a number of companies, and encouraging results have been reported from several of the properties. The favourable location of the claims in which, Acroll holds interests would certainly justify preliminary surveys to determine anomalous areas, which in turn would justify follow-up diamond drilling.

Yours very truly,



B. H. Corey, P.Eng.

REFERENCES:

S. Duffell and K. C. McTaggart (1952): Ashcroft Map-Area, British Columbia; Geol. Surv., Canada, Mem. 262.

W. E. Cockfield (1948): Geology and Mineral Deposits of Nicola Map-Area, British Columbia; Geol. Surv., Canada, Mem. 249.

Tectonic History and Mineral Deposits of the Western Cordillera (1966); Can. Inst. of Mining and Metallurgy. Special Volume No. 8.

R. B. Campbell and H. W. Tipper (1970) Geology and Mineral Exploration Potential of the Quesnel Trough, British Columbia; Bull CIMM July 1970.

British Columbia Minister of Mines: Annual Report

Maggie's reserves grow

Recent drilling results and studies completed in the last three weeks have doubled the geological reserves of ore in Bethlehem Copper Corp.'s Maggie property at Cache Creek, the annual meeting was told here Thursday.

Patrick M. Reynolds, president, said the geological reserves now stand at about 200 million tons having a combined copper-molybdenum content of 0.4 per cent (copper equivalent) or better.

Reynolds' report had followed a review by Robin Anderson, manager of exploration in which he said the ore estimate at the Maggie was 100 million tons with a gross value of \$4.28 a ton at prices of 50 cents a pound for copper and \$1.72 for molybdenum.

"I'm upstaging you, Robin," said Reynolds.

He also referred to information in the annual report on the Lake Zone ore body which Bethlehem shares with Valley Copper Mines Ltd.

"Bethlehem has its finances available and is ready to proceed as soon as Cominco tells us that Valley Copper is ready (to equip for production)," he said.

He reiterated the three ways in which Bethlehem benefits from development of the Lake Zone: 1, by ownership of one-fifth of the ore to be mined; 2, by ownership of 5 per cent of the shares of Valley Copper; 3, by re-

"We are negotiating with the union. As we are in the early stages they are asking for excessively high wages but we hope to hold the line and keep a happy work force, as we have now. We are forced to play this game

every two or three years."

Bethlehem in its annual report has announced its plans to add new grinding units to improve copper recovery by about half a pound per ton of ore milled and bring the plant capacity up to 16,000 tons a

day. In the three months to May 31 the average milling rate was 15,709 tons.

The company also reported plans to mill its 20 per cent of the Lake Zone ore by an investment of \$27 million to install mining and conveying equipment and increase mill capacity to 27,000 tons a day.

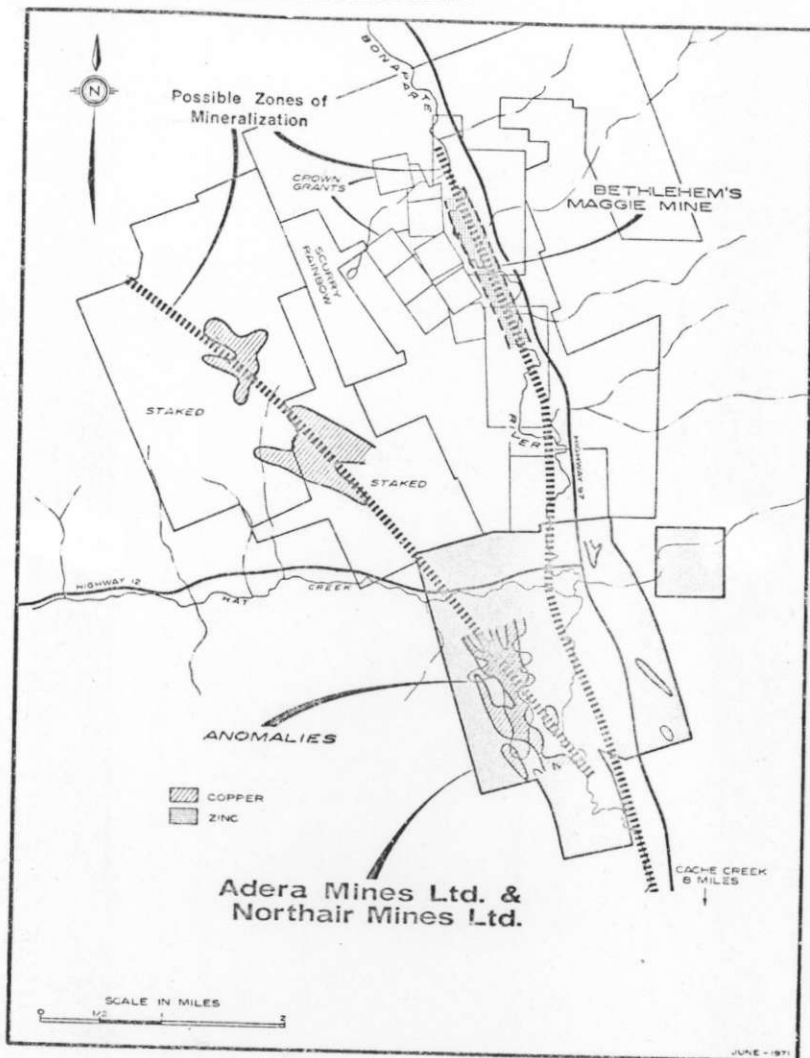
This year's exploration program is to cost \$775,000.

Hobo Creek Coppermines Ltd. is exploring a copper property, located near Atlin Lake, north-western B.C. The property is held under option from Bethlehem Copper Corporation Limited. Hobo Creek Coppermines recently gave shareholders of Centex Mines Ltd., which company originally held the option from Bethlehem and sold it to Hobo Creek, the right to buy one share of Hobo Creek at 25¢ per share for every 10 shares of Centex held. The rights expired 7May71, and Hemsforth, Turton & Co. Ltd. underwrote all of the rights not exercised.

Now Hemsforth, Turton & Co. Ltd. is offering to purchase up to 100,000 shs. of Hobo Creek Coppermines at 50¢ per share on a first come first served basis. The offer to buy is open to acceptance until 9Jul71, and Hemsforth, Turton & Co. Ltd. is acting on behalf of a client. An exploration program has been underway on the property by Hobo Creek Coppermines for some time.

ADERA MINING LIMITED

NORTHAIR MINES LTD.

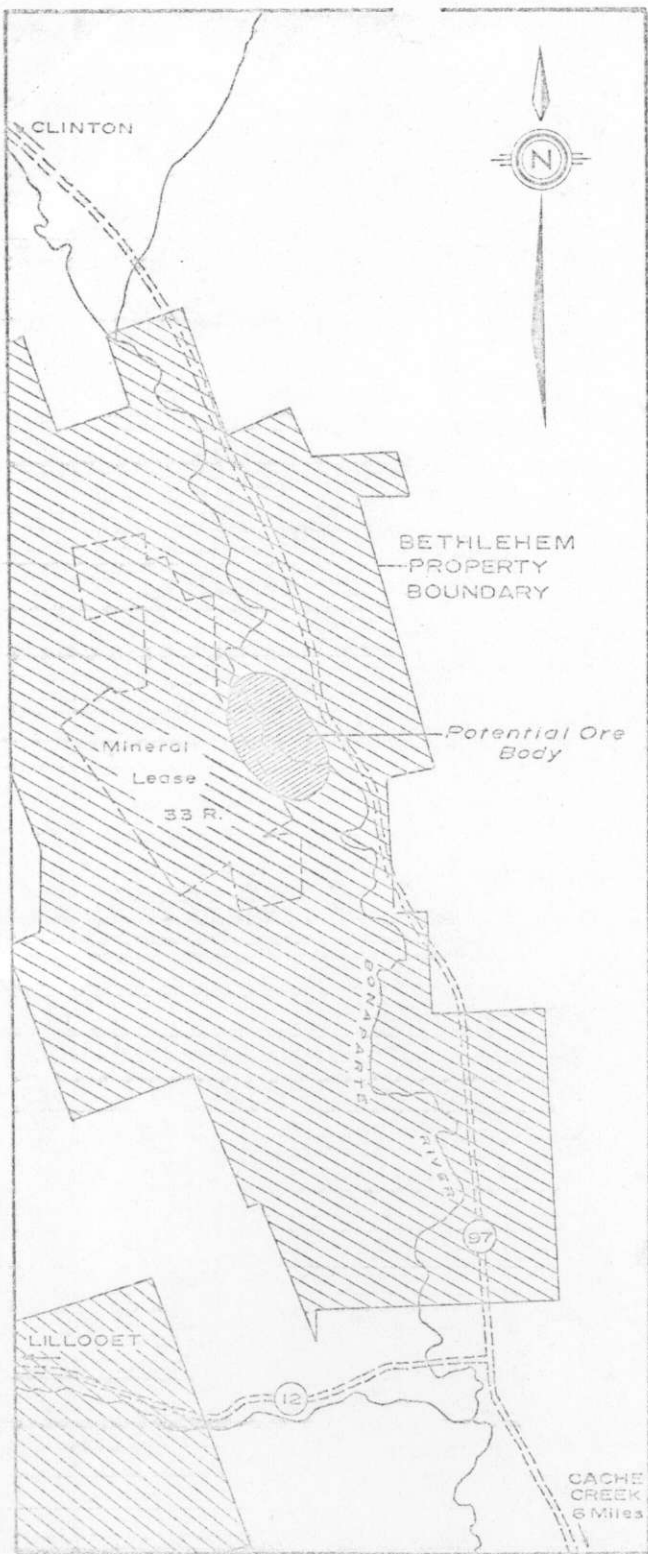


GEOLOGICAL THEORY TO BE TESTED IN NEXT WORK PHASE

As reported earlier, Adera Mining Limited and Northair Mines Ltd. each hold a 50% interest in several blocks of claims in the area 10 miles north of Cache Creek, B.C. The work by Bethlehem Copper Corporation Limited on its Maggie property, a few miles to the north of the joint Adera-Northair property, has established some 200,000,-000 tons of plus 0.40% copper equivalent. The work on the Maggie has indicated the zone to be open to the north-west and to depth.

The preliminary work by Adera-Northair has indicated that the geological environment within which the Maggie zone is located, is repeated on their property. The present program for the optioned claims is planned to include detail prospecting, geological mapping, geophysical survey work to be followed by bulldozer trenching and drilling as results warrant.

The theory that there are two major structures which pass through mineralized zones in the area and converge on the option property will be tested as the program continues.



SPECIAL REPORT NO. 2

**ON EXPLORATION OF THE
MAGGIE PROSPECT**

AT

**CACHE CREEK,
BRITISH COLUMBIA**



October 28, 1970

BETHLEHEM COPPER CORPORATION LTD.

Suite 2100 Guinness Tower
1055 West Hastings Street
Vancouver 1, B.C.

*PROGRESS REPORT
ON EXPLORATION OF
THE MAGGIE PROSPECT*

Exploration of the property has progressed satisfactorily and continues to indicate the presence of a substantial orebody.

Since the report of August 24th, 1970, nine percussion drill holes and nine diamond drill holes have been completed. Total percussion drill holes has now reached 57 for a total of 16,940 feet. Total diamond drill holes is now 15 for a total of 14,232 feet. The diamond drill holes were positioned to test the continuity of the mineralized zone and current drilling will provide additional data in critical areas. Average grade will be established upon completion of the program.

Computerization of all current geological data and assay values will be undertaken by the firm of Meyer and Banfield of Tucson, Arizona.

Metallurgical tests have been initiated at our Mine Laboratory and the ore was found to be highly responsive to flotation of a bulk concentrate. The next phase in the program is designed to investigate methods for separate production of copper and molybdenum concentrates.

The map on the reverse side shows a general outline of our claim holdings in relation to the highway, the ore zone and Mineral Lease 33R which covers our original holdings in the area. A photograph showing the topography is included.

October 28, 1970

*Patrick M. Reynolds
President*

*Photograph looking
northwest across
area of strong
mineralization.*

